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Securities code: 3201

February 1, 2024

(Electronic provision measures start on: January 31, 2024)

To Our Shareholders

Yutaka Nagaoka
President and Chief Executive Officer
THE JAPAN WOOL TEXTILE CO., LTD.
47 Akashi-machi, Chuo-ku, Kobe, Hyogo
(Head Office: 3-10, 3-Chome, Kawara-machi,
Chuo-ku, Osaka)

Notice of the 193rd Annual General Meeting of Shareholders

We are pleased to announce the 193rd Annual General Meeting of Shareholders (the “Meeting”) of The Japan Wool Textile Co., Ltd. (hereinafter referred to as Nikke) will be held as described below.

In convening this Meeting, we have adopted measures for the electronic provision of information, and posted the information subject to electronic provision measures titled “Notice of the 193rd Annual General Meeting of Shareholders” on the website below:

Nikke website:

<https://www.nikke.co.jp/investor/> (in Japanese)

In addition to the above, information subject to electronic provision measures are also posted on the website of the Tokyo Stock Exchange (TSE). Please access the following website (Listed Company Search), enter “THE JAPAN WOOL TEXTILE” in the “Issue name (company name)” box or “3201” in the “Code” box to search, click on “Basic information,” and go to “Documents for public inspection/PR information” to view this information.

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Shareholders who are not attending the Meeting are kindly requested to exercise their voting rights in writing (by mail) or via the Internet, etc. by 5:55 pm on Wednesday, February 21, 2024, after reviewing the “Reference Documents for the General Meeting of Shareholders” provided under electronic provision measures.

We kindly ask you to carefully decide whether to attend the Meeting, taking into consideration the prevalence of epidemics (COVID-19, influenza, etc.) at the time of the Meeting and your physical condition.

- 1 Date and time:** Thursday, February 22, 2024, at 10:00 am (Reception commences at 9:00 am.)
- 2 Venue:** Conference Hall, 2nd Floor, Nikke Osaka Building
3-10, 3-Chome, Kawara-machi, Chuo-ku, Osaka
- 3 Agenda of the Meeting:**
 - Matters to be reported:**
 - 1** The Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the 193rd Fiscal Year (from December 1, 2022 to November 30, 2023)
 - 2** The Report on the Results of the Audit of the Consolidated Financial Statements for the 193rd Fiscal Year (from December 1, 2022 to November 30, 2023) by the Accounting Auditor and the Audit and Supervisory Board
 - Matters to be resolved:**
 - Proposal No. 1** Appropriation of Surplus
 - Proposal No. 2** Election of Eight Directors
 - Proposal No. 3** Election of Three Audit and Supervisory Board Members
 - Proposal No. 4** Election of One Substitute Audit and Supervisory Board Member
 - Proposal No. 5** Continued Introduction of the Policy against Large-Scale Purchases of Nikke’s Shares (Takeover Defense Measures)

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- Please note that any revisions to the information subject to electronic provision measures will be posted on the websites shown above.
 - The paper document sent to shareholders also serves as the information subject to electronic provision measures in print delivered based on request. Pursuant to the provisions of laws and regulations and Article 17 of Nikke's Articles of Incorporation, the following matters are not included.

<< Business Report >>

- I. Matters Regarding the Current Status of the Group: "10. Principal Offices," "11. Status of Employees," and "12. Principal Lenders"
- II. Matters Regarding the Company: "2. Matters Regarding Stock Acquisition Rights, Etc.," and "4. Status of the Accounting Auditor"
- III. System for Ensuring the Appropriateness of Operations and the Status of Operation of the System
- IV. Basic Policy Regarding the Control of the Corporation
- V. Policy on Determining Dividend of Surplus, Etc.

<< Consolidated Financial Statements >> Consolidated Statement of Changes in Net Assets and Notes to the Consolidated Financial Statements

<< Non-Consolidated Financial Statements >> Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets, and Notes to the Non-Consolidated Financial Statements

<< Audit Report >> Audit Report by the Accounting Auditor

Accordingly, the Business Report audited by the Audit and Supervisory Board Members and the Consolidated Financial Statements and the Non-Consolidated Financial Statements audited by the Accounting Auditor and the Audit and Supervisory Board Members consist not only of the documents sent to shareholders but also the above items posted on the aforementioned websites.

Reference Documents for the General Meeting of Shareholders

Agenda and reference matters

Proposal No. 1 Appropriation of Surplus

We, at Nikke, consider the return of profits to our shareholders to be a priority issue in our management. In FY2023, the final year of the RN 130 Second Medium-Term Management Plan, we achieved increases in sales and operating income for the third consecutive year, with a record-high operating income. Although we fell short of our Medium-Term Management Plan targets, we achieved our initial forecasts at the beginning of the fiscal year for each profit category.

Therefore, we propose that the year-end dividend for the fiscal year ended November 30, 2023 be 19 yen per share, an increase of 3 yen from the previously announced 16 yen per share, with a target payout ratio of 30%.

As we have paid an interim dividend of 14 yen per share, the annual dividend will be 33 yen per share, an increase of 3 yen per share from the previous fiscal year.

(1) Kind of asset distributed as dividend

Cash

(2) Matters concerning the allocation of the dividend property and the total amount thereof

19 yen per share of common stock of Nikke

Total amount of dividends: 1,311,971,470 yen

The annual dividend for the fiscal year under review, including the interim dividend (14 yen) paid earlier, will be 33 yen per share (total amount of dividends: 2,302,548,988 yen).

(3) Date on which the dividend of surplus becomes effective

Monday, February 26, 2024

[Reference] **Policy on Determining Dividend of Surplus, Etc.**

We consider the return of profits to our shareholders to be a priority issue in our management.

In the RN 130 Third Medium-Term Management Plan, the final phase of the RN 130 Vision to mark the 130th anniversary, we aim to strike a balance between growth investment and shareholder returns, and set the following items as our efforts to enhance shareholder returns.

< Shareholder Return Policy >

- Gradually raise the payout ratio from the current 30%, to a target of 35% in the final year of the Third Medium-Term Management Plan
- Conduct flexible share buybacks in line with progress in investments to enhance total shareholder returns





Proposal No. 2

Election of Eight Directors

In accordance with the Articles of Incorporation, the term of office of Directors is set at one year in order to emphasize their management responsibility and to seek the confidence of shareholders in the Directors each year. In addition, in order to keep the Board of Directors small, the number of Directors is limited to eight in accordance with the Articles of Incorporation. In that regard, as the term of office of all eight Directors will expire at the conclusion of this Meeting, the election of eight Directors, including three Outside Directors, is hereby proposed. If this Proposal is approved as originally proposed, the ratio of Outside Directors to Nikke's Directors will be more than one third.

The candidates for Directors are as follows:

Candidate No.	Name	Current position and responsibilities in Nikke Group	Candidate attributes
1	Kazuya Tomita	Chairman of the Board of Directors, Chairman Advisory Board Member (Chairman)	Reappointment
2	Yutaka Nagaoka	President and Chief Executive Officer Advisory Board Member	Reappointment
3	Kuniaki Hihara	Director and Managing Executive Officer General Manager of Industrial Machinery & Materials Division	Reappointment
4	Yoshirou Kawamura	Director and Managing Executive Officer General Manager of Human & Future Development Division	Reappointment
5	Takehiro Okamoto	Director and Managing Executive Officer Director of Corporate Strategy Center, Nikke	Reappointment
6	Yasuhiro Wakamatsu	Outside Director Advisory Board Member	Reappointment Outside Independent
7	Seishi Miyajima	Outside Director Advisory Board Member	Reappointment Outside Independent
8	Yukihiro Kato	—	New appointment Outside Independent

 New appointment	Director candidate for new appointment	 Reappointment	Director candidate for reappointment	 Outside	Outside Director candidate	 Independent	Independent Officer pursuant to the provisions of the stock exchange
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Candidate No. 1

Kazuya Tomita

Reappointment



Date of birth April 3, 1959
Number of Nikke shares held 99,291
Years in office 11 years
Attendance at Board of Directors meetings 12/12 meetings

[Brief history, positions and responsibilities at Nikke]

April 1984	Joined Nikke	February 2013	Director, Managing Executive Officer, General Manager of Human & Future Development Division & General Manager of Consumer Business Division & General Manager of Management Department & General Manager of Communication/New Service Department, Nikke
February 2007	Manager of Community Service Business Group, Nikke	June 2014	Director and Managing Executive Officer, Director of Corporate Strategy Center, Nikke
December 2008	General Manager of Community Service Business, Nikke	February 2016	President and Chief Executive Officer, Nikke
February 2009	Executive Officer, General Manager of Community Service Business, Nikke	February 2022	Chairman of the Board of Directors, Chairman, Nikke (current position)
December 2011	Executive Officer, General Manager of Community Service Business & General Manager of Management Department & General Manager of Communication/New Service Department, Nikke		
December 2012	Managing Executive Officer, General Manager of Human & Future Development Division & General Manager of Consumer Business Division & General Manager of Management Department & General Manager of Communication/New Service Department, Nikke		

[Reasons for nomination as a Director candidate]

Mr. Kazuya Tomita has been supervising the management appropriately as Chairman of the Board of Directors and strived to effectively steer Board of Directors meetings from an independent standpoint as Chairman. In addition, he has extensive experience as he is as former President and Chief Executive Officer of Nikke and has been involved in all aspects of management for many years, promoting the medium- to long-term vision named RN 130 Vision. Based on these achievements, we believe that he is an appropriate person to realize the sustainable enhancement of Nikke Group's corporate value, and therefore we request your support in reappointing him as a Director. In addition, there are no special interests between him and Nikke.

Candidate No. 2

Yutaka Nagaoka

Reappointment



Date of birth September 7, 1961
Number of Nikke shares held 53,954
Years in office 4 years
Attendance at Board of Directors meetings 12/12 meetings

[Brief history, positions and responsibilities at Nikke]

April 1984	Joined Nikke	February 2018	Executive Officer, Nikke
December 2008	General Manager of Gifu Mill, Textile & Clothing Materials Division, Nikke	February 2020	President and Chief Executive Officer, Nikke Machine Manufacturing Corp.
December 2010	General Manager of Innami Mill, Textile & Clothing Materials Division, Nikke	February 2021	Director and Managing Executive Officer, General Manager of Human & Future Development Division, Nikke
February 2012	General Manager of Textile & Clothing Materials Division, Nikke (in charge of special missions for overseas business)	February 2022	Director and Managing Executive Officer, General Manager of Human & Future Development Division & General Manager of Development Division, Nikke
February 2014	General Manager of Gifu Mill, Textile & Clothing Materials Division, Nikke		
September 2015	President and Chief Executive Officer, Nikke Machine Manufacturing Corp.		

[Reasons for nomination as a Director candidate]

Mr. Yutaka Nagaoka has been supervising the management and making decisions on important matters appropriately as President and Chief Executive Officer. Furthermore, he promoted the RN 130 Second Medium-Term Management Plan, which is the second phase of the plan to achieve the RN 130 Vision, and achieved increases in sales and operating income for the third consecutive year, with a record-high operating income. Based on these achievements, we believe that he is an appropriate person to realize the sustainable enhancement of Nikke Group's corporate value, and therefore we request your support in reappointing him as a Director. In addition, there are no special interests between him and Nikke.

Candidate No. 3

Kuniaki Hihara

Reappointment



[Brief history, positions and responsibilities at Nikke]

April 2011	Joined Nikke	February 2018	Director and Managing Executive Officer, General Manager of Industrial Machinery & Materials Division, Nikke (current position)
July 2012	General Manager of Sales Department III, Textile & Clothing Materials Division, Nikke	June 2018	Outside Director, Ashimori Industry, Co., Ltd.
October 2013	President, Nikke (Thailand) Co., Ltd.	June 2020	President and Chief Executive Officer, Fujico Co., Ltd. (current position)
December 2014	General Manager of Nikke (Shanghai) Management Co., Ltd.	February 2022	Chairman, Ambic Co., Ltd. (currently F&A Nonwovens Corporation) (current position)
June 2015	President, Nankai Nikke (Malaysia) Sdn. Bhd.		
February 2016	President and Chief Executive Officer, Ambic Co., Ltd. (currently F&A Nonwovens Corporation)		

Date of birth

May 7, 1957

Number of Nikke shares held

43,943

Years in office

6 years

Attendance at Board of Directors meetings

12/12 meetings

[Material concurrent positions]

Chairman, F&A Nonwovens Corporation

[Reasons for nomination as a Director candidate]

As a Director, Mr. Kuniaki Hihara has supervised management and made decisions on important matters appropriately, and as a Managing Executive Officer, he has served as the General Manager of Industrial Machinery & Materials Division and focused on growth industries, such as automobile-related and environment-related industries, and worked to expand overseas business. He has also promoted the expansion of our non-woven fabric business. In addition, he served as chairman of the Corporate Brand Strategy Committee to take concrete measures to establish a corporate brand strategy. Based on these achievements, we believe that he is an appropriate person to realize the sustainable enhancement of Nikke Group's corporate value, and therefore we request your support in reappointing him as a Director. In addition, there are no special interests between him and Nikke.

Candidate No. 4

Yoshirou Kawamura

Reappointment



[Brief history, positions and responsibilities at Nikke]

April 1983	Joined Nikke	February 2016	Executive Officer, General Manager of Manufacturing Control Department, Textile & Clothing Materials Division, Nikke
December 2005	General Manager of Jiangyin Nikke Worsted Spinning Co., Ltd. & General Manager of Jiangyin Nikke Dyeing Co., Ltd.	June 2017	Executive Officer, General Manager of Manufacturing Control Department, Textile & Clothing Materials Division & General Manager of Fabric Business, Nikke
December 2008	General Manager of Research and Development Office II, Research and Development Center, Nikke	February 2019	Director and Managing Executive Officer, General Manager of Textile & Clothing Materials Division, Nikke
May 2010	General Manager of Engineering Division, Nikke	February 2022	Director and Managing Executive Officer, General Manager of Human & Future Development Division, Nikke (current position)
February 2013	President and Chief Executive Officer, Nikke Machine Manufacturing Corp.		
September 2015	General Manager of Manufacturing Control Department, Textile & Clothing Materials Division, Nikke		

Date of birth

November 15, 1960

Number of Nikke shares held

41,894

Years in office

5 years

Attendance at Board of Directors meetings

12/12 meetings

[Reasons for nomination as a Director candidate]

As a Director, Mr. Yoshirou Kawamura has supervised management and made decisions on important matters appropriately, and as a Managing Executive Officer, he has served as General Manager of the Human & Future Development Division, actively making investments including the redevelopment of the Tokyo building and promoting the selection and concentration of unprofitable businesses and business restructuring. In addition, as chairman of Nikke Group Global Environmental Committee, he recognized the importance of global environmental conservation and has been working to raise awareness throughout the Group. Based on these achievements, we believe that he is an appropriate person to realize the sustainable enhancement of Nikke Group's corporate value, and therefore we request your support in reappointing him as a Director. In addition, there are no special interests between him and Nikke.

Candidate No. 5

Takehiro Okamoto

Reappointment



[Brief history, positions and responsibilities at Nikke]

August 2005	Joined Nikke	February 2019	Managing Executive Officer and Director of Corporate Strategy Center, Nikke
December 2008	Head of the Finance & Accounting Department, Corporate Strategy Center, Nikke	June 2021	Outside Director, Kawanishi Warehouse Co., Ltd.
March 2013	General Manager of Management Department, Industrial Machinery & Materials Division, Nikke	February 2022	Director and Managing Executive Officer, Director of Corporate Strategy Center, Nikke (current position)
December 2014	Head of the Business Research & Planning Department, Corporate Strategy Center, Nikke		
February 2016	Executive Officer and Head of the Business Research & Planning Department, Corporate Strategy Center, Nikke		

Date of birth

June 9, 1961

Number of Nikke shares held

37,494

Years in office

2 years

Attendance at Board of Directors meetings

12/12 meetings

[Reasons for nomination as a Director candidate]

As a Director, Mr. Takehiro Okamoto has supervised management and made decisions on important matters appropriately, and as a Managing Executive Officer, he has served as the Director of Corporate Strategy Center, formulating and promoting management strategies, establishing corporate governance, advancing finance, human resources, investor relations and M&A strategies for the entire Group, and promoting medical related fields. In addition, as chairman of the Sustainability Committee, he has been working on initiatives for the realization of a permanent growth of Nikke Group and a sustainable society. Based on these achievements, we believe that he is an appropriate person to realize the sustainable enhancement of Nikke Group's corporate value, and therefore we request your support in reappointing him as a Director. In addition, there are no special interests between him and Nikke.

Candidate No. 6

Yasuhiro Wakamatsu

Reappointment

Outside

Independent



[Brief history, positions and responsibilities at Nikke]

April 1977	Joined Kawanishi Warehouse Co., Ltd.	June 2013	President and Chief Executive Officer and General Manager of Sales Division, Kawanishi Warehouse Co., Ltd.
June 2006	Director and General Manager of Kobe Branch, Kawanishi Warehouse Co., Ltd.	September 2015	President and Chief Executive Officer, Kawanishi Warehouse Co., Ltd.
April 2011	Director, Kawanishi Warehouse Co., Ltd.	April 2021	Chairman, Kawanishi Warehouse Co., Ltd. (current position)
June 2011	Director and General Manager of International Department, Kawanishi Warehouse Co., Ltd.	February 2022	Outside Director, Nikke (current position)
June 2011	Managing Director and Deputy General Manager of Sales Division & General Manager of International Department, Kawanishi Warehouse Co., Ltd.		
April 2013	Managing Director and Deputy General Manager of Sales Division, Kawanishi Warehouse Co., Ltd.		

Date of birth

August 6, 1954

Number of Nikke shares held

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Years in office

2 years

Attendance at Board of Directors meetings

12/12 meetings

[Material concurrent positions]

Chairman, Kawanishi Warehouse Co., Ltd.

[Reasons for nomination as an Outside Director candidate and overview of expected roles]

Mr. Yasuhiro Wakamatsu has management experience at another company. He has been supervising the Board of Directors of Nikke from an independent standpoint based on his achievements and extensive experience in the warehousing-related industry. In addition, as an Outside Member of the Advisory Board that provides advice on the nomination and remuneration of Officers and matters related to the foundation of corporate management that are presented by the Representative Director, he is also actively involved in improving the corporate governance of Nikke Group. Based on these achievements and his extensive experience, we believe that he can help realize the sustainable enhancement of the corporate value of Nikke Group and supervise Group management, and therefore we request your support in reappointing him as an Outside Director. In addition, there are no special interests between him and Nikke.

Candidate No. 7

Seishi Miyajima

Reappointment

Outside

Independent



Date of birth

January 11, 1960

Number of Nikke shares held

—

Years in office

2 years

Attendance at Board of Directors meetings

12/12 meetings

[Brief history, positions and responsibilities at Nikke]

April 1983	Joined Nomura Real Estate Development Co., Ltd.	April 2013	President and Chief Executive Officer, Nomura Real Estate Urban Net Co., Ltd.
June 2001	General Manager of Corporate Sales Department, Nomura Real Estate Development Co., Ltd.	April 2016	Chairman, Nomura Real Estate Urban Net Co., Ltd.
June 2006	Director and Deputy General Manager of Corporate Company, Nomura Real Estate Development Co., Ltd.	June 2018	Director, Executive Vice President and Executive Officer, Shinnihon Corporation
April 2009	Director and Managing Executive Officer, General Manager of Corporate Company, Nomura Real Estate Development Co., Ltd.	February 2022	Outside Director, Nikke (current position)
April 2012	Representative Director and Senior Executive Officer, General Manager of Corporate Company, Nomura Real Estate Development Co., Ltd.		
May 2012	Executive Officer and Head of Property Brokerage & CRE Business Unit, Nomura Real Estate Holdings, Inc.		

[Reasons for nomination as an Outside Director candidate and overview of expected roles]

Mr. Seishi Miyajima has management experience at other companies. He has been supervising the Board of Directors at Nikke from an independent standpoint based on his achievements and extensive experience in the real estate-related industry. In addition, as an Outside Member of the Advisory Board that provides advice on the nomination and remuneration of Officers and matters related to the foundation of corporate management that are presented by the Representative Director, he is also actively involved in improving the corporate governance of Nikke Group. Based on these achievements and his extensive experience, we believe that he can help realize the sustainable enhancement of the corporate value of Nikke Group and supervise Group management, and therefore we request your support in reappointing him as an Outside Director. In addition, there are no special interests between him and Nikke.

Candidate No. 8

Yukihiro Kato



[Brief history]

April 1984	Joined NIPPONDENSO CO., LTD. (currently DENSO CORPORATION)	May 2023	President and Chief Executive Officer, Yukiya ConCon Limited (current position)
January 2005	General Manager of IC Technology Department II, DENSO CORPORATION	August 2023	Outside Director, Japan Process Development Co., Ltd. (current position)
June 2010	Managing Executive Officer, DENSO CORPORATION		
April 2017	Senior Managing Executive Officer, DENSO CORPORATION		
June 2019	President and Chief Executive Officer, DENSO TEN Limited		

Date of birth

January 3, 1959

Number of Nikke shares held

Years in office

Attendance at Board of Directors meetings

[Material concurrent positions]

Outside Director, Japan Process Development Co., Ltd.

[Reasons for nomination as an Outside Director candidate and overview of expected roles]

Mr. Yukihiro Kato has management experience at other companies. Based on his achievements and extensive experience in the automobile-related industry, we believe that he can help realize the sustainable enhancement of the corporate value of Nikke Group and supervise Group management from an independent standpoint, and therefore we request your support in appointing him as a new Outside Director. In addition, there are no special interests between him and Nikke.

- Notes 1. In order to enhance objectivity in the decision of candidates for Director, Nikke has established an “Advisory Board” that functions as a Nomination and Remuneration Committee, and the Board of Directors decides on candidates based on the results of deliberations by the Advisory Board.
2. Mr. Yasuhiro Wakamatsu, Mr. Seishi Miyajima, and Mr. Yukihiro Kato are candidates for Outside Director who meet the requirements for that position.
Mr. Yasuhiro Wakamatsu and Mr. Seishi Miyajima have been designated as Independent Officers in accordance with the provisions of Tokyo Stock Exchange, Inc. and will continue to be so upon approval of their reappointment. Mr. Yukihiro Kato also meets the requirements for Independent Officers as stipulated by Tokyo Stock Exchange, Inc., and will be designated as a new Independent Officer upon approval of his appointment.
3. Conclusion of liability limitation agreement
Nikke has entered into an agreement with Mr. Yasuhiro Wakamatsu and Mr. Seishi Miyajima, candidates for Outside Directors, to limit their liability as outlined below, pursuant to Article 427, Paragraph 1 of the Companies Act. If their reappointment is approved, Nikke plans to continue the said liability limitation agreement with them. In addition, if the appointment of Mr. Yukihiro Kato is approved, Nikke plans to enter into the same liability limitation agreement with him as above. The outline of the agreement is as follows:
- In the event that Outside Directors are liable to Nikke for damages as provided for in Article 423, Paragraph 1 of the Companies Act due to negligence of their duties, they shall be liable up to the minimum liability amount as provided for in Article 425, Paragraph 1 of the Companies Act.
 - The aforementioned limitation of liability shall be applied only when the Outside Directors concerned have performed their duties that caused the liability in good faith and without gross negligence.
4. Nikke has concluded a liability insurance agreement for directors and officers as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, and the said insurance agreement is outlined in “(3) Outline of Directors and Officers Liability Insurance Agreement, etc.” If the Director candidates are elected and take office, they will be covered by the said insurance. Nikke plans to renew the policy with the same terms and conditions at the next expiry.

Election of Three Audit and Supervisory Board Members

As the term of office of Audit and Supervisory Board Members Mr. Shogo Ueno, Mr. Takeshi Katayama, and Ms. Michiko Uehara will expire at the conclusion of this Meeting, the election of three Audit and Supervisory Board Members is hereby proposed.

Please note that the submission of this Proposal has been approved by the Audit and Supervisory Board in advance. The candidates for Audit and Supervisory Board Member are as follows:

Candidate No. 1

Hiroshi Fujiwara

New
appointment



Brief history and positions at Nikke

April 1986	Joined Nikke
February 2011	General Manager of Management Department & Manager of Finance Section, Textile & Clothing Materials Division, Nikke
February 2013	General Manager of Management Department, Textile & Clothing Materials Division, Nikke
March 2013	Head of the Finance & Accounting Department, Corporate Strategy Center, Nikke
February 2020	Executive Officer and Head of the Finance & Accounting Department, Corporate Strategy Center, Nikke (current position)

Date of birth

September 29, 1963

Reasons for nomination as Audit and Supervisory Board Member candidate

Number of Nikke shares held

21,431

Mr. Hiroshi Fujiwara promoted financial, accounting, and tax strategies of Nikke Group as an Executive Officer and has extensive experience mainly in Textile & Clothing Materials and Human & Future Development businesses, and therefore possesses considerable knowledge in Nikke Group's business. In addition, he has a proven track record as a statutory auditor of Nikke Group's companies. We believe that he is an appropriate person to audit the company to ensure its soundness and therefore we request your support in appointing him as a new Audit and Supervisory Board Member. In addition, there are no special interests between him and Nikke.

Candidate No. 2

Michiko Uehara

Reappointment

Outside

Independent



Brief history and positions at Nikke

April 1976	Assistant Judge, Kobe District Court
April 1979	Assistant Judge, Amagasaki Branch, Kobe District Court
April 1982	Assistant Judge, Osaka District Court
April 1986	Judge, Fukuoka District Court
May 1989	Registered as attorney-at-law, joined The Miyake Joint Partnership Law Office (currently MIYAKE & PARTNERS)
March 1992	Established Uehara Joint Partnership Law Office (current position)
June 2016	Outside Audit & Supervisory Board Member, Sumitomo Electric Industries, Ltd. (current position)
February 2017	Outside Audit and Supervisory Board Member, Nikke (current position)
June 2022	Outside Director, Sekisui Kasei Co., Ltd. (current position)

Date of birth

December 24, 1949

Material concurrent positions

Number of Nikke shares held

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Attorney-at-law (Uehara Joint Partnership Law Office)
Outside Audit & Supervisory Board Member, Sumitomo Electric Industries, Ltd.
Outside Director, Sekisui Kasei Co., Ltd.

Years in office

7 years

Reasons for nomination as Outside Audit and Supervisory Board Member candidate

Attendance at Board of Directors meetings

12/12 meetings

Attendance at Audit and Supervisory Board meetings

13/13 meetings

Although Ms. Michiko Uehara has not been engaged in the management of a company in the past, we would like her to audit the company to ensure its soundness from an independent and objective standpoint based on her experience as an attorney-at-law familiar with legal affairs and provide us with appropriate opinions, and therefore we request your support in reappointing her as an Outside Audit and Supervisory Board Member. In addition, there are no special interests between her and Nikke.



[Brief history]

October 1994	Joined Century Audit Corporation (now Ernst & Young ShinNihon LLC)
January 1998	Joined Setsuo Hashimoto Certified Public Accountant Office (currently Junichi Kato Certified Public Accountant Office) (current position)
April 1999	Registered as a Certified Public Accountant
July 1999	Registered as a Licensed Tax Accountant
June 2005	Established Tax Corporation Sincere/Representative Partner (current position)

[Material concurrent positions]

Certified Public Accountant (Junichi Kato Certified Public Accountant Office)
Licensed Tax Accountant (Representative Partner of Tax Corporation Sincere)

Date of birth

January 26, 1962

Number of Nikke shares held

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[Reasons for nomination as Outside Audit and Supervisory Board Member candidate]

Although Mr. Junichi Kato has not been engaged in the management of a company in the past, we would like him to audit the company to ensure its soundness from an independent and objective standpoint based on his experience as a certified public accountant familiar with financial, accounting and tax affairs and provide us with appropriate opinions, and therefore we request your support in appointing him as a new Outside Audit and Supervisory Board Member. In addition, there are no special interests between him and Nikke.

- Notes 1. Ms. Michiko Uehara and Mr. Junichi Kato are candidates for Outside Audit and Supervisory Board Member who meet the requirements for that position.
Ms. Michiko Uehara has been designated as an Independent Officer in accordance with the provisions of Tokyo Stock Exchange, Inc. and will continue to be so upon approval of her reappointment. Mr. Junichi Kato also meets the requirements for Independent Officers as stipulated by Tokyo Stock Exchange, Inc., and will be designated as a new Independent Officer upon approval of his appointment.
2. Conclusion of liability limitation agreement
Nikke has entered into an agreement with Ms. Michiko Uehara, a candidate for Outside Audit and Supervisory Board Member, to limit her liability as outlined below, pursuant to Article 427, Paragraph 1 of the Companies Act. If her reappointment is approved, Nikke plans to continue the said liability limitation agreement with her. If the appointment of Mr. Junichi Kato is approved, Nikke plans to enter into the liability limitation agreement with him in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. The outline of the agreement is as follows:
- In the event that Outside Audit and Supervisory Board Members are liable to Nikke for damages as provided for in Article 423, Paragraph 1 of the Companies Act due to negligence of their duties, they shall be liable up to the minimum liability amount as provided for in Article 425, Paragraph 1 of the Companies Act.
 - The aforementioned limitation of liability shall be applied only when the Outside Audit and Supervisory Board Members concerned have performed their duties that caused the liability in good faith and without gross negligence.
3. Nikke has concluded a liability insurance agreement for directors and officers as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, and the said insurance agreement is outlined in “(3) Outline of Directors and Officers Liability Insurance Agreement, etc.” If the Audit and Supervisory Board Member candidates are elected and take office, they will be covered by the said insurance. Nikke plans to renew the policy with the same terms and conditions at the next expiry.

[Reference] **Nikke's views on Independent Outside Officers**

Independent Outside Directors shall provide advice that contributes to the enhancement of medium- to long-term corporate value, supervise management, monitor conflicts of interest, and reflect the opinions of stakeholders in the Board of Directors. Independent Outside Audit and Supervisory Board Members shall conduct audits from their independent standpoint and express their opinions as appropriate.

- Nikke shall hold liaison meetings between Independent Outside Directors and Audit and Supervisory Board Members as needed so that Independent Outside Officers can actively participate in the discussions of the Board of Directors, in order to exchange information and share understanding from an objective standpoint.
- Nikke shall select candidates for Independent Outside Officers by setting its own criteria for independence as follows, in order to substantially ensure the compliance with the independence criteria set forth in the Financial Instruments and Exchange Act. Candidates shall
 - (a) Not be a major shareholder of Nikke or its business executor.
A major shareholder is defined as an entity who holds 10% or more of the total voting rights.
 - (b) Not be a major business partner of Nikke Group or its business executor.
A major business partner is defined as an entity whose payments or receipts for transactions with Nikke Group in the immediately preceding fiscal year exceed 2% of the consolidated net sales of Nikke Group or the group to which the entity belongs.
 - (c) Not be a consultant, accounting expert or legal expert who receives a large amount of money or other property from Nikke Group other than remuneration as an officer.
A large amount of money is defined as an amount equal to the higher of 10 million yen or 2% of the person's net sales or total income in the immediately preceding fiscal year, and not exceeding the amount of the person's remuneration as an officer.

In addition, the Advisory Board shall be consulted by the Representative Director and verify the candidate's independence.

Excerpt from the "Nikke Corporate Governance Guidelines"

[Reference] Skills matrix of Officers after the conclusion of this general meeting of shareholders

The following skills matrix shows the skills of each Officer, provided that the candidates are appointed as proposed in Proposals No. 2 and No. 3.

Position (Note 1)	Name	Principal specialized area of experience									Business experience at Nikke			
		Corporate management	Sales	R&D of technology	Finance/Accounting	HR/Labor	Legal/Risk management	Sustainability	M&A	Global experience	Textile & Clothing Materials	Industrial Machinery & Materials	Human & Future Development	Consumer Goods & Services
Director	Kazuya Tomita	•	•		•	•	•		•		•		•	•
	Yutaka Nagaoka	•		•		•				•	•	•	•	•
	Kuniaki Hihara	•	•							•	•	•		
	Yoshiro Kawamura	•		•				•		•	•	•	•	•
	Takehiro Okamoto		•		•	•	•	•	•			•	•	
	Yasuhiro Wakamatsu	•	•				•			•				
	Seishi Miyajima	•	•			•								
	Yukihiro Kato	•		•		•	•							
Audit and Supervisory Board Member	Kazuhiro Ohashi	•		•							•	•		
	Hiroshi Fujiwara				•		•		•		•		•	
	Michiko Uehara					•	•							
	Junichi Kato				•									

Details of the skill properties are as follows.

Corporate management	Experience in management of business companies including Nikke Group companies, and knowledge of corporate management
Sales	Experience in sales, marketing, and brand strategy
R&D of technology	Experience in the areas of production engineering, quality control, and research and development
Finance/Accounting	Expertise in finance, accounting, capital policy, and taxation, etc.
HR/Labor	Knowledge of human capital management including human resources management, labor management, and respect for human rights
Legal/Risk management	Expertise in legal affairs, intellectual property, risk management, etc.
Sustainability	Insight into various issues surrounding sustainability and experience and expertise as a person in charge of ESG activities
M&A	Experience in the formulation and execution of strategies for M&As, alliances, etc.
Global experience	Experience working overseas and in sales activities on a global basis

Notes 1. Mr. Yasuhiro Wakamatsu, Mr. Seishi Miyajima, and Mr. Yukihiro Kato are Outside Directors as defined in Article 2, Item 15 of the Companies Act.
Ms. Michiko Uehara and Mr. Junichi Kato are Outside Audit and Supervisory Board Members as defined in Article 2, Item 16 of the Companies Act.
2. The above list does not represent all the knowledge and experience possessed by each Officer.

Election of One Substitute Audit and Supervisory Board Member

We request the appointment of one substitute Audit and Supervisory Board Member in the event that the number of Audit and Supervisory Board Members falls short of the number stipulated by laws and regulations. The pre-election of the substitute Audit and Supervisory Board Member will be effective until the beginning of the next annual general meeting of shareholders.

Please note that the submission of this Proposal has been approved by the Audit and Supervisory Board in advance. The candidate for substitute Audit and Supervisory Board Member is as follows:

Candidate **Eiko Katsui**

Substitute

Outside

Independent



[Brief history]

April 1995	Registered as attorney-at-law, joined Nakagawa Law Office (current position)
April 1995	Member of the Children's Rights Committee, Osaka Bar Association (current position)
April 2005	Member of the Legal Education Committee, Osaka Bar Association (current position)
June 2012	Member of the Legal Education for Citizens Committee, Japan Federation of Bar Associations (current position)
April 2014	School lawyer, Board of Education, Osaka Prefecture (current position)
June 2018	Vice Chair, Legal Education for Citizens Committee, Japan Federation of Bar Associations (current position)

Date of birth

November 2, 1968

[Material concurrent positions]

Attorney-at-law (Nakagawa Law Office)

Number of Nikke shares held

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[Reasons for nomination as a candidate for substitute Outside Audit and Supervisory Board Member]

Although Ms. Eiko Katsui has not been engaged in the management of a company in the past, we would like her to perform appropriate audits from an independent standpoint by utilizing her experience as an attorney-at-law familiar with legal affairs, and therefore we request your support in appointing her as a candidate for substitute Outside Audit and Supervisory Board Member. In addition, there are no special interests between her and Nikke.

- Notes
- Ms. Eiko Katsui is a candidate for substitute Outside Audit and Supervisory Board Member who meets the requirements for that position.
 - In the event that the number of Audit and Supervisory Board Members falls short of the number stipulated by laws and regulations and Ms. Eiko Katsui takes office as an Outside Audit and Supervisory Board Member, she will be designated as an Independent Officer as she meets the requirements for Independent Officers as stipulated by Tokyo Stock Exchange, Inc.
 - In the event that the number of Audit and Supervisory Board Members falls short of the number stipulated by laws and regulations and Ms. Eiko Katsui takes office as an Outside Audit and Supervisory Board Member, Nikke plans to enter into a liability limitation agreement with her in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. The outline of the agreement is as follows:
 - In the event that Outside Audit and Supervisory Board Members are liable to Nikke for damages as provided for in Article 423, Paragraph 1 of the Companies Act due to negligence of their duties, they shall be liable up to the minimum liability amount as provided for in Article 425, Paragraph 1 of the Companies Act.
 - The aforementioned limitation of liability shall be applied only when the Outside Audit and Supervisory Board Members concerned have performed their duties that caused the liability in good faith and without gross negligence.
 - Nikke has concluded a liability insurance agreement for directors and officers as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, and the said insurance agreement is outlined in "(3) Outline of Directors and Officers Liability Insurance Agreement, etc." In the event that the number of Audit and Supervisory Board Members falls short of the number stipulated by laws and regulations and Ms. Eiko Katsui takes office as an Outside Audit and Supervisory Board Member, she will be covered by the said insurance.

Continued Introduction of the Policy against Large-Scale Purchases of Nikke's Shares (Takeover Defense Measures)

Nikke has continued to introduce the "Policy against Large-Scale Purchases of Nikke's Shares (Takeover Defense Measures)" (hereinafter referred to as the "Current Plan"), which was approved by shareholders at the 190th Annual General Meeting of Shareholders held on February 25, 2021. At a meeting of its Board of Directors held on January 12, 2024, it was decided to continue the Current Plan with partial amendments (hereinafter, the plan to be newly continued is referred to as the "Plan").

In light of the importance of the Plan, in this Proposal, we request shareholders' approval for the continued introduction of the Plan to broadly reflect the intentions of shareholders.

As a measure to ensure the reasonableness and fairness of the Plan, Nikke plans to establish a "Special Committee," composed mainly of Nikke's Outside Directors and Outside Audit and Supervisory Board Members, and to appoint Special Committee members.

Details of the Plan are as follows:

1 Details of the Basic Policy on Control of a Stock Company

Nikke believes that it is the shareholders who ultimately control decisions on a company's financial and business policies, and that the composition of shareholders is determined through free trading of shares on the capital markets. Accordingly, Nikke recognizes that the acceptance or denial of a proposal for the purchase of shares involving a transfer of management control of a company should ultimately be decided by its shareholders.

However, among large-scale purchases of shares and purchase proposals, it is anticipated that some may be deemed to cause irreparable harm to Nikke, such as significant damage to Nikke's corporate value and shareholders' common interests, due to their objectives, etc. Nikke believes that any person who conducts such an act is inappropriate to be a person who controls decisions on Nikke's financial and business policies. Therefore, Nikke's basic policy is that the Board of Directors of Nikke shall, in principle, take some countermeasures against such acts.

2 Outline of Initiatives to Realize the Basic Policy

(1) Efforts to enhance corporate value

Since its inception in 1896, Nikke has worked to improve quality and develop technologies as a comprehensive wool manufacturer based on its unique technical, planning and development capabilities cultivated over many years, contributing to the development of Japan's textile industry, and earning recognition for its wool. Today, under its Corporate Philosophy of "As a corporate group that is gentle and warm toward people and the planet, we will continue to take on challenges with passion and pride," Nikke positions all of its four business domains, namely Textile & Clothing Materials; Industrial Machinery & Materials; Human & Future Development; and Consumer Goods & Services as its core business, and engages in a variety of businesses as a group of approximately 60 companies.

In its medium- to long-term vision RN 130 Vision, which started in FY2017, Nikke Group has established its direction, corporate image, and management strategy for the next 10 years to aim at the further enhancement of its corporate value over the medium to long term.

In the RN 130 Second Medium-Term Management Plan (FY2021-2023), Nikke surpassed the record-high operating income achieved in FY2019, which was one of its goals, in the second year of the Management Plan (FY2022), ahead of schedule. For FY2023, the final year of the Management Plan, although we fell short of the target figures, namely, consolidated sales of 127.0 billion yen or more, consolidated operating income of 11.5 billion yen or more, and net income attributable to owners of parent of 7.8 billion yen or more, we exceeded our initial forecasts at the beginning of the fiscal year for each profit category. Sales diminished due to business restructuring, but M&A initiatives more than offset the difference. Although costs increased due to rapid changes in the business environment, productivity improvements and business restructuring led to improved profitability, resulting in increased sales and operating income throughout the period of the Second Medium-Term Management Plan. With each business domain complementing each other, Nikke is making progress in building a

revenue base that will enable the recording of a stable operating income of 10.0 billion yen or more. ROE has improved to a level above 7%.

In the RN 130 Third Medium-Term Management Plan (FY2024-2026) announced on January 12, 2024, Nikke aims to renew record highs in sales and each profit category by steadily promoting each measure to achieve growth over the previous year for the final phase of the RN 130 Vision. Nikke will work on further enhancement of its corporate value to realize the RN 130 Vision by embodying its vision as a company that creates future lifestyles through each of its businesses.

(2) Corporate governance system

As part of its corporate governance system as a company with an Audit and Supervisory Board, Audit and Supervisory Board Members have effectively supervised Nikke. In 2004, we established a bi-annual Advisory Board that functions as a Nomination and Remuneration Committee, to strengthen the mechanisms for monitoring management and selecting the best executive. Having appointed outside directors since 2006, Nikke has been an early bird among Japanese companies in establishing an effective corporate governance system.

To further strengthen the supervisory function of its Board of Directors, Nikke currently stipulates that it shall have highly independent outside directors composing not less than one third of its Board of Directors. The Audit and Supervisory Board meets every month and its members participate in the Group Management Conference, the Board of Directors meetings, and other important meetings, expressing opinions from an independent and objective standpoint. The Audit and Supervisory Board performs audits by preparing an annual schedule and ensuring sufficient time, and meets with representative directors, managing executive officers in charge, the internal audit department, and the accounting auditor on a regular basis.

Going forward, Nikke will strive to strengthen its corporate governance system in accordance with Japan's Corporate Governance Code.

Nikke Group will celebrate its 130th anniversary in December 2026. The Group has continued to innovate and take on challenges tirelessly while cherishing its tradition, and has grown by flexibly adapting to the environment. Nikke continues to tackle frontiers with greater passion and pride while sourcing its corporate value from the heritage accumulated since its founding. We believe that aiming to be a company that creates future lifestyles in this approach will enhance Nikke Group's corporate value and ultimately the common interests of its shareholders. To that end, it is vital to maintain good relationships with shareholders and other stakeholders and to sustainably develop each business of the Group from a medium-to long-term perspective.

3 Purpose of the Plan

As the globalization of capital markets progresses, the number of corporate acquisitions in Japan is also expected to increase in the future. Nikke will continue to work to further increase its corporate value and enhance common interests with its shareholders; however, the possibility of a large-scale purchase of Nikke's shares cannot necessarily be ruled out in view of the content and scale of its business, and its asset composition. Nikke believes that in the event of a large-scale purchase of its shares, it is essential that appropriate and adequate information and views be provided by both a large-scale purchaser and the Board of Directors of Nikke in order for shareholders to make an appropriate decision on the appropriateness of such large-scale purchase. To this end, Nikke believes that it is a major prerequisite to secure sufficient opportunities for the Board of Directors of Nikke to receive information from the large-scale purchaser, negotiate and discuss with the large-scale purchaser as necessary, and to ensure a sufficient period of deliberation during which the Board of Directors of Nikke can properly consider and make decisions based on the duty of care of a good manager.

However, Nikke recognizes that the rules of the tender offer system under the Financial Instruments and Exchange Act are not sufficient enough to ensure that Nikke has the information and time necessary for shareholders to make a decision and to negotiate on their behalf. Furthermore, it is expected to be extremely difficult for the Board of Directors of Nikke to take appropriate measures to enhance shareholders' common interests unless a policy against large-scale purchases is prepared in advance. Therefore, Nikke has decided to formulate and disclose rules on large-scale purchases of Nikke's shares (hereinafter referred to as the "Large-

Scale Purchase Rules”) based on the above intent, and to require large-scale purchasers to make purchases in accordance with the Large-Scale Purchase Rules.

In principle, countermeasures shall not be activated if the large-scale purchaser complies with the Large-Scale Purchase Rules.

However, if the large-scale purchaser does not comply with the Large-Scale Purchase Rules, or even if the large-scale purchaser does comply with the Large-Scale Purchase Rules, if Nikke determines that it is obvious that the large-scale purchase will significantly impair Nikke’s corporate value and shareholders’ common interests, Nikke shall consider activating countermeasures against the large-scale purchase as an exception, with the primary purpose of protecting its corporate value and shareholders’ common interests. The Plan is designed so that it will not be activated unless reasonable and objective activation requirements are satisfied. In addition, the Board of Directors of Nikke shall respect to the maximum extent possible the decision of the Special Committee, which is independent of the Board of Directors of Nikke and is composed of Independent Outside Officers, etc., and the content of the resolution of the Shareholders Meeting to Confirm Shareholders’ Intentions. For these reasons, Nikke believes that the Plan has a mechanism to eliminate arbitrariness of its Board of Directors.

As of the date of this notice, Nikke has not received any notification, approach or proposal from a specific third party to the effect that it will conduct a large-scale purchase.

4 Details of the Plan

(1) Large-scale purchases subject to the Plan

Any act that falls under any of the items 1) through 3) below or any act similar thereto (including any such proposal or solicitation of a third party) shall constitute a large-scale purchase under the Plan. Provided, however, that this shall not apply if the Board of Directors of Nikke has separately decided not to apply the Plan. The Board of Directors of Nikke shall make a reasonable decision on whether or not the prescribed action in 3) has been taken, while respecting the decision of the Special Committee to the maximum extent possible.

- 1) With respect to share certificates, etc. issued by Nikke^{*1}, purchases in which the holder’s^{*2} ownership ratio of share certificates, etc.^{*3} will be 20% or more
- 2) With respect to share certificates, etc. issued by Nikke^{*4}, a tender offer^{*5} in which the total ownership ratio of share certificates, etc.^{*6} pertaining to the tender offer and that of any specially related parties^{*7} will be 20% or more.
- 3) Regardless of whether or not each act stipulated in 1) or 2) above has been implemented, (i) an act by a person who intends to acquire Nikke’s share certificates, etc., or a joint holder^{*8} or specially related parties thereof (hereinafter referred to as the “Acquirer of Share Certificates, etc.”) with another shareholder (including cases where there are multiple shareholders, the same shall apply hereinafter) of Nikke, and as a result of such an act, an agreement or other acts whereby such another shareholder becomes a joint holder of such Acquirer of Share Certificates, etc., or an act whereby a relationship is established between such Acquirer of Share Certificates, etc. and such another shareholder whereby one party effectively controls the other or whereby they act jointly or in concert^{*9}, and (ii) with respect to share certificates, etc. issued by Nikke, the total ownership ratio of share certificates, etc. of such Acquirer of Share Certificates, etc. and such another share certificates, etc. will be 20% or more.

*1 As defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

*2 Includes persons included in holders pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

*3 As defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

*4 As defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

*5 As defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

- *6 As defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.
- *7 As defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. Provided, however, that with regard to persons specified in Item 1 of the said Paragraph, this excludes persons set forth in Article 3, Paragraph 1 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other than Issuers. The same shall apply hereinafter.
- *8 Refers to a joint holder as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, including those deemed to be joint holders pursuant to Paragraph 6 of the said Article (including those deemed to fall under the above by the Board of Directors of Nikke). The same shall apply hereinafter.
- *9 Whether or not there is “a relationship between such Acquirer of Share Certificates, etc. and such another shareholder whereby one party effectively controls the other or whereby they act jointly or in concert” shall be determined in consideration of factors such as current or past capital relationships (including relationships involving joint control), business partnership relationships, transaction results, contractual relationships, concurrent positions held by officers, the presence or absence of provision of funds, substantial interests in Nikke’s share certificates, etc. through derivatives, stock lending, etc., and direct or indirect effects of such Acquirer of Share Certificates, etc. and such another shareholder on Nikke.

(2) Details of the Large-Scale Purchase Rules

This Large-Scale Purchase Rules defines that a large-scale purchaser shall commence the purchase after the Board of Directors of Nikke evaluates and examines the purchase based on necessary and adequate information provided by the large-scale purchaser, and necessary and adequate information is disclosed and explained to shareholders by the large-scale purchaser and the Board of Directors of Nikke. The details are as follows.

1) Submission of the “Statement of Intent”

If a large-scale purchaser intends to conduct a large-scale purchase without obtaining the approval of the Board of Directors of Nikke, the large-scale purchaser shall first submit a “Statement of Intent” to the Board of Directors of Nikke, which includes the following information.

In the event that a large-scale purchase is proposed, the Board of Directors of Nikke shall promptly disclose the fact thereof.

- (a) Name, address, governing law of incorporation, name of representative, and contact information in Japan of the large-scale purchaser
- (b) Outline of the large-scale purchase
- (c) The number of Nikke’s share certificates, etc. actually held by the large-scale purchaser and an outline of Nikke’s share certificates, etc. planned to be acquired in the future
- (d) Pledge to comply with the Large-Scale Purchase Rules

2) Provision of adequate information

The Board of Directors of Nikke shall request the large-scale purchaser to submit adequate information (hereinafter referred to as the “Large-Scale Purchase Information”) within five business days of the receipt of the “Statement of Intent” mentioned above, which is necessary for shareholders to make a decision and for the Board of Directors of Nikke to evaluate and examine the large-scale purchase. The items included in the Large-Scale Purchase Information to be initially submitted are as follows. If the Large-Scale Purchase Information is deemed to be insufficient in terms of the nature of the case, the Board of Directors of Nikke may require the large-scale purchaser to submit additional information by setting a deadline necessary for a reply (up to 60 days). In this case, the large-scale purchaser shall resubmit the additional information by the designated deadline.

The fact that the submission of the Large-Scale Purchase Information has been completed shall be disclosed to shareholders by the Board of Directors of Nikke. In addition, all or part of the content of the Large-Scale Purchase Information shall be disclosed if the Board of Directors of Nikke deems it necessary for the decision of shareholders.

- (a) Outline, capital structure, financial conditions, background, attributes, status of corporate governance and CSR initiatives of the large-scale purchaser and its Group, and large-scale purchases conducted in the past by the large-scale purchaser and its Group and their results
 - (b) Objectives, methods and details of the large-scale purchase
 - (c) Whether or not there is any decision-making with third parties in the large-scale purchase, and if there is any communication of intent, the details thereof
 - (d) Outline of basis for calculation of purchase consideration
 - (e) Name, capital structure, and financial conditions of the provider of funds to the large-scale purchaser for the purchase
 - (f) Outline of the corporate policies and corporate philosophy, and business plan of Nikke and Nikke Group that are intended to be adopted after the completion of the large-scale purchase
- 3) Evaluation period by the Board of Directors of Nikke
- After the Large-Scale Purchase Information has been provided by the large-scale purchaser, the Board of Directors of Nikke shall set the following period for the purpose of evaluation, examination, negotiation, forming an opinion, and formulation of an alternative proposal (hereinafter referred to as the “Board of Directors’ Evaluation Period”), and during this period, it shall make a primary decision as to whether or not the purchase proposal is in the common interests of shareholders. The Board of Directors’ Evaluation Period shall be set as described below, and its start date shall be disclosed to shareholders.
- (a) In the case of a purchase of all shares of Nikke for which the consideration is only cash (Japanese yen), the maximum period shall be 60 days.
 - (b) In the case of a large-scale purchase other than the above, the maximum period shall be 90 days.

During the Board of Directors’ Evaluation Period, the Board of Directors of Nikke shall fully evaluate and examine the Large-Scale Purchase Information provided while obtaining advice from external experts, specialists, etc. as necessary, compile its opinion, and disclose it to shareholders. If there is a possibility that the acquisition proposal will contribute to shareholders’ common interests by improving the acquisition conditions, the Board of Directors of Nikke may negotiate with the large-scale purchaser on the improvement of the acquisition conditions and present an alternative proposal to shareholders.

The Board of Directors of Nikke shall provide explanations to shareholders regarding its evaluation, etc. based on facts as much as possible so that shareholders can judge the appropriateness of the purchase proposal.

The large-scale purchase shall be commenced only after the expiry of the Board of Directors’ Evaluation Period.

- 4) Recommendation by the Special Committee
- During the Board of Directors’ Evaluation Period, the Special Committee shall make a recommendation to the Board of Directors of Nikke regarding whether or not to activate countermeasures in accordance with the following procedures, in parallel with the evaluation, examination, negotiation, and submission of an alternative proposal by the Board of Directors in 3) above.
- In addition, in order to ensure that the decision of the Special Committee is made so as to contribute to the protection and enhancement of Nikke’s corporate value and shareholders’ common interests, the Special Committee may, as appropriate and necessary, and at the expense of Nikke, receive advice from external experts and specialists who are different from those from whom the Board of Directors of Nikke has received advice. If the Special Committee makes a recommendation to the Board of Directors of Nikke as set forth in (a) or (b) below, the Board of Directors of Nikke shall promptly disclose the fact of such recommendation, an outline thereof, and other matters it deems appropriate, in accordance with applicable laws and regulations, etc.
- (a) In the event that the large-scale purchaser does not comply with the Large-Scale Purchase Rules
- In the event that the large-scale purchaser does not comply with the Large-Scale Purchase Rules, and such violation is not rectified within five business days after the Board of Directors of Nikke makes a written request to the large-scale purchaser to rectify the violation, the Special Committee shall, in principle, recommend that the Board of Directors of Nikke activate countermeasures, unless it is obvious that it is necessary not to activate countermeasures in order

to protect and enhance Nikke's corporate value and shareholders' common interests, or there are other special reasons.

- (b) If the large-scale purchaser has complied with the Large-Scale Purchase Rules
If the large-scale purchaser has complied with the Large-Scale Purchase Rules, the Special Committee shall, in principle, recommend that the Board of Directors of Nikke not activate countermeasures.

Provided, however, even in cases where the procedures prescribed in the Plan have been complied with, if the Special Committee finds that the large-scale purchase falls under any of the following types (i) through (v) and will cause irreparable harm to Nikke, such as significant damage to Nikke's corporate value or shareholders' common interests, it may recommend that the Board of Directors of Nikke activate countermeasures.

- (i) The large-scale purchaser is deemed to have no intention to participate in the management of Nikke, but is acquiring Nikke's share certificates, etc., simply for the purpose of increasing the share value and having Nikke's related parties purchase those shares at a high price (so-called green mailing)
- (ii) The large-scale purchaser is deemed to be acquiring Nikke's share certificates, etc. for the purpose of temporarily controlling the management of Nikke and transferring intellectual property rights, know-how, trade secrets, major business partners, customers, etc. which are necessary for the business management of Nikke to the large-scale purchaser or its group companies, etc.
- (iii) The large-scale purchaser is deemed to be acquiring Nikke's share certificates, etc., with the intention of appropriating Nikke's assets as collateral for or funds for repayment of the obligations of the large-scale purchaser or its group companies, etc. after controlling Nikke's management
- (iv) The large-scale purchaser is deemed to be acquiring Nikke's shares for the purpose of temporarily controlling the management of Nikke to sell or otherwise dispose of high value assets, etc., such as real estate and securities not related to Nikke's business for now and for the foreseeable future, and using the profits from such disposal to pay a temporarily high dividend, or for the purpose of using the opportunity of the rapid rise in share value resulting from the temporarily high dividend to sell Nikke's share certificates, etc. at a high price
- (v) The method of purchase of Nikke's share certificates, etc. proposed by the large-scale purchaser is deemed to have the potential to restrict the opportunity or freedom of judgment of shareholders and effectively force shareholders to sell Nikke's share certificates, etc., such as through coercive two-stage acquisition (meaning a tender offer, etc. that sets unfavorable purchase terms for the second stage without soliciting the purchase of all share certificates, etc., in the first stage, or without clarifying such terms)

* With regard to (iii) and (iv), cases where the acquisition by itself does not harm shareholders' common interests are excluded. Such cases include, for example, situations in which "Nikke's assets will be used as collateral for the acquirer," or "it is planned that the large-scale purchaser plans to dispose of Nikke's idle assets and distribute a high dividend with the profit from the disposal."

* As for (v), the fact that it is a partial tender offer does not necessarily mean that it falls under this item.

5) Confirmation of shareholders' intentions

In the event of (a) implementing the activation of countermeasures, or that (b) the Special Committee recommends that shareholders' intentions should be confirmed, the Board of Directors of Nikke shall, in principle*¹⁰, choose and conduct either a shareholder vote at a Shareholders Meeting to Confirm Shareholders' Intentions or a written ballot*¹¹. The Board of Directors of Nikke shall determine the method for confirming the shareholders' intentions, and promptly disclose the details of the determination. If a Shareholders Meeting to Confirm Shareholders' Intention is held or a written ballot is conducted, the results of the vote and other matters deemed appropriate by the Board of Directors of Nikke shall be promptly disclosed.

*¹⁰ For example, if the large-scale purchaser attempts to execute the large-scale purchase without complying with the procedures set forth in the Plan, the Board of Directors of Nikke may implement countermeasures without going through a Shareholders Meeting to Confirm Shareholders' Intentions,

while respecting the opinion of the Special Committee, since there will be no time to hold the Shareholders Meeting to Confirm Shareholders' Intentions and it will be impossible to secure the information necessary for shareholders to judge the appropriateness of the purchase, etc.

- *11 In principle, the Shareholders Meeting to Confirm Shareholders' Intentions shall be held during a set period of up to 60 days, however, it may be held in conjunction with an Annual General Meeting of Shareholders or an Extraordinary General Meeting of Shareholders. If the shareholders' intentions are to be confirmed or there is a possibility of such confirmation, the Board of Directors of Nikke shall promptly set a record date to determine shareholders entitled to exercise their voting rights (hereinafter referred to as the "Voting Record Date"). As a general rule, the procedure for confirming shareholders' intentions shall be through an ordinary resolution by shareholders who are recorded or listed in the final shareholder registry on the Voting Record Date. However, in comprehensive consideration of various circumstances including the purpose, method, and details of the large-scale purchase and the possibility of conflicts of interest between the large-scale purchaser and general shareholders, the large-scale purchaser and any person deemed by the Special Committee to have a special interest in the large-scale purchaser in relation to the proposal may be exceptionally excluded from the calculation of the requirements for approval. The Voting Record Date shall be the earliest date that can be derived from relevant laws and regulations and the number of days necessary for determining shareholders, and a public notice of the setting of the Voting Record Date shall be made at least two weeks prior to the Voting Record Date.

6) Resolution by the Board of Directors

In accordance with the duty of care of a good manager, the Board of Directors of Nikke shall respect the recommendations of the Special Committee, the decision of the Shareholders Meeting to Confirm Shareholders' Intentions or the written ballot to the maximum extent possible at its own responsibility, and shall promptly make a resolution on whether or not to activate countermeasures from the perspective of protecting and enhancing Nikke's corporate value and shareholders' common interests. If the activation of countermeasures is resolved, countermeasures shall be activated on a date separately determined by the Board of Directors of Nikke. Upon activation, Nikke shall not deliver any economic consideration to the large-scale purchaser. The large-scale purchaser may avoid dilution of the shareholding ratio by the activation of countermeasures, for example, because there is still time to withdraw or cancel the purchase, if it fails to obtain the support of a majority of shareholders.

If the Board of Directors of Nikke resolves to activate or not activate countermeasures, it shall promptly disclose matters it deems appropriate.

7) Cancellation of activation of countermeasures

The Board of Directors of Nikke may resolve to cancel the activation of countermeasures in the event that the large-scale purchaser withdraws the purchase, or the implementation of the activation of countermeasures becomes inappropriate due to a change in the facts on which the recommendation to activate countermeasures was based when making a decision on the recommendation. The Special Committee may make a recommendation to the Board of Directors of Nikke to cancel the activation of countermeasures in the event that the large-scale purchaser withdraws the purchase, or the implementation of the activation of countermeasures becomes inappropriate due to a change in the facts on which the recommendation to activate countermeasures was based when making a decision on the recommendation. The Board of Directors of Nikke shall respect the recommendation to the maximum extent possible, and resolve whether or not to cancel the activation of countermeasures.

If the Board of Directors of Nikke resolves to cancel the activation of countermeasures, it shall promptly disclose an outline of such resolution and other matters it deems appropriate.

If the cancellation of countermeasures is decided, the following procedures will be taken.

- (a) If the gratis allotment of stock acquisition rights was resolved and the cancellation of countermeasures is decided by the day prior to the date of the gratis allotment of stock acquisition rights, the allotment of the stock acquisition rights shall be cancelled.
- (b) If, after the implementation of the gratis allotment of stock acquisition rights, the cancellation of countermeasures is decided by the day prior to the start date of the exercise period of the stock acquisition rights, Nikke shall acquire the stock acquisition rights without consideration, without delivering Nikke's shares to the holders of the stock acquisition rights.

- (3) Measures to ensure the reasonableness and fairness of the Plan
- 1) Sufficient consideration is given to the “Guidelines Regarding Takeover Defense Measures” and “Takeover Defense Measures”
The Plan fully takes into consideration the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, the “Takeover Defense Measures in Light of Recent Environmental Changes” announced by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry on June 30, 2008, the “Guidelines for Corporate Takeovers” announced by the Ministry of Economy, Trade and Industry on August 31, 2023, and recent trends in judicial precedents.
 - 2) It is introduced with the purpose of protecting and enhancing Nikke’s corporate value and shareholders’ common interests
The Plan is introduced with the purpose of protecting and enhancing Nikke’s corporate value and shareholders’ common interests by securing necessary information and time, or enabling the Board of Directors of Nikke to present an alternative proposal or negotiate with the purchaser, etc., in the event of a large-scale purchase, etc., of Nikke’s shares, etc. Accordingly, the Plan will not be used for the purpose of protecting the management team, such as impeding acquisitions that enhance the interests of shareholders, contrary to the purpose of the Plan.
 - 3) It emphasizes shareholders’ intentions
The Plan will take effect when a resolution to introduce the Plan is made by shareholders at the Annual General Meeting of Shareholders of Nikke to be held in February 2024. The Plan is subject to a sunset clause that sets the effective period of the Plan at three years; provided, however, in the event that a resolution is passed at a General Meeting of Shareholders or a Board of Directors meeting to the effect that the Plan will be abolished during that period, the Plan shall be abolished at that time. As the term of office of Directors of Nikke is set at one year, it is possible to reflect the intentions of shareholders through the election of Directors. In this way, the Plan is not a dead-hand type takeover defense measure (a takeover defense measure whose activation cannot be prevented even if a majority of the members of the Board of Directors are replaced) or a slow-hand type takeover defense measure (a takeover defense measure that requires time for its activation to be prevented because the composition of the Board of Directors cannot be replaced all at once), and the introduction and abolition of the Plan are designed to fully reflect the intentions of shareholders.
 - 4) Prevention of arbitrary activation of countermeasures
In order to objectively make resolutions and recommendations regarding the operation of the Plan including the activation of countermeasures, Nikke shall establish a Special Committee consisting of Outside Officers of Nikke who are independent of the management team that executes the business of Nikke. The decision of the Special Committee shall be disclosed to shareholders as appropriate. Furthermore, the Plan is designed so that it will not be activated unless reasonable and objective activation requirements are satisfied. In this way, the Plan prevents arbitrary activation by the Board of Directors of Nikke to ensure that it is operated transparently.
- (4) Impact on shareholders and investors, etc.
- 1) Impact on shareholders upon the effectuation of the Plan
At the time of the effectuation of the Plan, countermeasures (gratis allotment of stock acquisition rights) will not be implemented. Therefore, there will be no direct and specific impact on the legal rights and economic interests pertaining to Nikke’s shares held by shareholders and investors upon the effectuation of the Plan.
 - 2) Impact on shareholders upon the activation of countermeasures
If the Board of Directors of Nikke resolves to activate specific countermeasures, one stock acquisition right shall be allotted without consideration for each share held by shareholders on the allotment date separately set by the Board of Directors of Nikke in the resolution for the gratis allotment of stock acquisition rights. Then, Nikke shall acquire the stock acquisition rights on a date set by its Board of Directors, and in exchange, provide its shares to the holders of stock acquisition rights. As a result, shareholders other than the large-scale purchaser will receive Nikke’s common shares as consideration for the stock acquisition rights by Nikke without consideration, and therefore

there will be no dilution of Nikke's shares held by shareholders.

Nikke may cancel the allotment of the stock acquisition rights due to reasons arising on or after the ex-rights date after the activation of countermeasures is resolved and the shareholders to receive the gratis allotment of the stock acquisition rights are determined, until the allotment date of the stock acquisition rights (such as the cancellation of countermeasures or the suspension of activation due to the withdrawal of the purchase by the large-scale purchaser). In addition, due to reasons arising after the implementation of the gratis allotment of the stock acquisition rights, Nikke may acquire all the stock acquisition rights without consideration by the day prior to the start date of the exercise period of the stock acquisition rights without delivering common shares of Nikke to the holders of the stock acquisition rights. In this case, there will be no dilution of the share value per share. Therefore, shareholders and investors who intend to trade shares on the assumption that the value of shares would be diluted should pay sufficient attention to fluctuations in the share price.

3) Procedures required of shareholders in connection with the gratis allotment of stock acquisition rights

(a) Record or entry in the shareholder registry

If the Board of Directors of Nikke resolves to conduct a gratis allotment of stock acquisition rights, stock acquisition rights will be allotted without consideration to shareholders who are recorded or listed in the final shareholder registry on the allotment date separately determined by the Board of Directors of Nikke. Therefore, shareholders who have not yet been recorded or listed in the shareholder registry are requested to promptly take procedures such as recording in the shareholder registry.

(b) Procedures for allotment of stock acquisition rights

Shareholders who are recorded or listed in the final shareholder registry on the allotment date shall naturally become holders of stock acquisition rights on the effective date of the gratis allotment of stock acquisition rights, and therefore need not take any procedures.

(c) Procedures for the acquisition of stock acquisition rights by Nikke

At any time up to the day prior to the start date of the exercise period of the stock acquisition rights, if the Board of Directors of Nikke deems it appropriate for Nikke to acquire the stock acquisition rights, Nikke may acquire all the stock acquisition rights without consideration on the arrival of a date separately determined by the Board of Directors of Nikke.

In acquiring the stock acquisition rights, Nikke may deliver its common shares to holders of stock acquisition rights in exchange for the acquisition of such rights. In this case, shareholders who hold the stock acquisition rights to be acquired shall receive, in principle, one share of Nikke for one stock acquisition right without paying cash equivalent to the exercise price.

In addition to the above, details of the acquisition of the stock acquisition rights by Nikke shall be disclosed or notified to shareholders after the resolution for gratis allotment of the stock acquisition rights is made.

(5) Effective period, abolition, and modification of the Plan

1) Effective period of the Plan

The effective period of the Plan shall be three years until the conclusion of Nikke's Annual General Meeting of Shareholders to be held in February 2027.

2) Abolition, amendment, and modification of the Plan

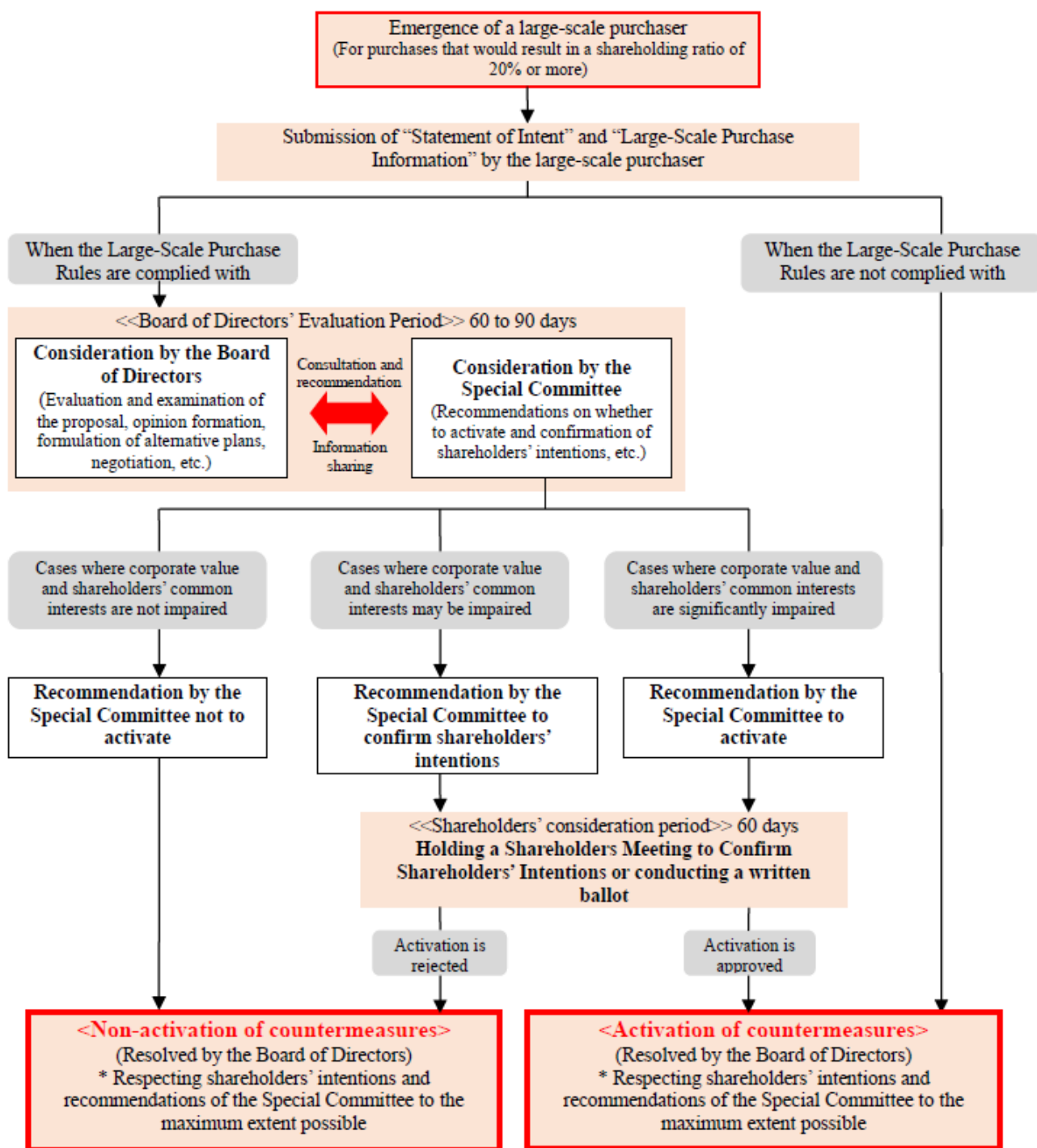
In the event that a proposal to abolish the Plan is approved at Nikke's Annual General Meeting of Shareholders, or if a resolution to abolish the Plan is made by the Board of Directors of Nikke, the Plan shall be abolished even during the effective period of the Plan.

In addition, in the event that the basic parts of the Plan need to be modified or reviewed, etc. due to changes in related laws and regulations, changes in the interpretation or operation of these laws and regulations, changes in the tax system or judicial precedents, etc., the Board of Directors of Nikke may change the Plan after obtaining the approval of the Special Committee within the scope of the approval of the General Meeting of Shareholders, although the meanings of terms, etc. shall be replaced as appropriate within a reasonable range.

If the Plan is abolished or modified, Nikke shall disclose the fact of such abolition or modification, and in the case of modification, the details of the modification and other matters deemed appropriate by the Board of Directors of Nikke.

End

[Flow chart of the Large-Scale Purchase Rules]



[Note]

The above flow chart has been prepared only as a reference material to provide an easy-to-understand overview of the Plan. For details of the Plan, please refer to the main text of the “Policy against Large-Scale Purchases of Nikke’s Shares (Takeover Defense Measures).”

[Reference 1] **Outline of Gratis Allotment of Stock Acquisition Rights**

1. Total number of the stock acquisition rights to be allotted
The total number of the stock acquisition rights to be allotted shall be the number separately determined by the Board of Directors of Nikke in the resolution for gratis allotment of the stock acquisition rights (hereinafter referred to as the “Gratis Allotment Resolution”), with the maximum number being the final total number of issued shares of Nikke on a certain date separately determined by the Board of Directors of Nikke (hereinafter referred to as the “Allotment Date”) in the Gratis Allotment Resolution.
2. Shareholders eligible for the allotment of the stock acquisition rights
One stock acquisition right shall be allotted, without consideration, per common share of Nikke held by a shareholder who is recorded or listed in the final shareholder registry on the Allotment Date.
3. Effective date of gratis allotment of the stock acquisition rights
It shall be a date separately determined by the Board of Directors of Nikke in the Gratis Allotment Resolution.
4. Class and number of shares subject to the stock acquisition rights
The class of shares subject to the stock acquisition rights shall be common shares of Nikke, and the number of shares subject to one stock acquisition right shall be one share. Provided, however, in the event that Nikke conducts a share split or reverse share split, etc., necessary adjustments shall be made.
5. Details and amount of assets to be contributed upon exercise of the stock acquisition rights
The property to be contributed upon exercise of the stock acquisition rights shall be cash, and the amount of property to be contributed upon exercise of the stock acquisition rights per share of Nikke shall be an amount separately determined by the Board of Directors of Nikke in the Gratis Allotment Resolution, which shall be one yen or more with the maximum amount being half of the market price of Nikke’s shares.
6. Exercise conditions of the stock acquisition rights
1) Specified large-volume holder^{*1}, 2) joint holder^{*2} of the specified large-volume holder, 3) specified large-volume purchaser^{*3}, 4) specially related party of the specified large-volume purchaser^{*4}, or 5) any person to whom the stock acquisition rights are transferred or who inherited the stock acquisition rights from any person falling under 1) through 4) above without obtaining approval of the Board of Directors of Nikke, or 6) affiliated person^{*5} of any person falling under 1) through 5) above (hereinafter the person described in 1) through 6) above shall be collectively referred to as “Non-qualified Persons”) may not exercise the stock acquisition rights.
When determining whether or not a person falls under a Non-qualified Person, the Board of Directors of Nikke shall hear the opinion of the Special Committee and respect the Special Committee’s decision to the maximum extent possible.
The details of the exercise conditions of the stock acquisition rights shall be separately determined in the Gratis Allotment Resolution.

*1 “Specified large-volume holder” refers to a person (including a person who is included in the holders pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act) who holds share certificates, etc. issued by Nikke (as defined in Article 27-23, Paragraph 1 of the said Act; the same shall apply hereinafter unless otherwise specified), whose ownership ratio (as defined in Article 27-23, Paragraph 4 of the said Act) pertaining to such share certificates, etc. is 20% or more (including those deemed to fall under the above by the Board of Directors of Nikke).

*2 “Joint holder” refers to a joint holder as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, and includes a person deemed to be a joint holder pursuant to Paragraph 6 of the said Article (including a person deemed to fall under the above by the Board of Directors of Nikke).

*3 “Specified large-volume purchaser” refers to a person who makes a public announcement of purchase, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply hereinafter in item 3)), of share certificates, etc. issued by Nikke (as defined in Article 27-2, Paragraph 1 of the said Act; the same shall apply in item 3)) through a tender offer (as defined in

Article 27-2, Paragraph 6 of the said Act) and whose ownership ratio of share certificates, etc. held (as defined in Article 27-2, Paragraph 8 of the said Act; the same shall apply hereinafter) pertaining to the share certificates, etc. held by such person after such purchase, etc. (including cases similar thereto as prescribed in Article 7, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act) is 20% or more when combined with the ownership ratio of share certificates, etc. held by the specially related party of such person (including those deemed to fall under the above by the Board of Directors of Nikke).

*4 “Specially related party” refers to a specially related party as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act (including those deemed to fall under the above by the Board of Directors of Nikke). Provided, however, with respect to the persons set forth in item (i) of said Paragraph, those specified in Article 3, Paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other than Issuers shall be excluded.

*5 “Affiliated person” of a given person refers to a person who substantially controls, is controlled by, or is under common control of such given person (including a person deemed to fall under the above by the Board of Directors of Nikke), or a person deemed to act in concert with such given person by the Board of Directors of Nikke. “Control” means to “control the decisions of the financial and business policies” (as defined in Article 3, Paragraph 3 of the Regulations for Enforcement of the Companies Act) of other companies, etc.

7. Acquisition of the stock acquisition rights without consideration by Nikke

Notwithstanding the provisions of 5., if the Board of Directors of Nikke deems that it is appropriate for Nikke to acquire the stock acquisition rights, Nikke may acquire all the stock acquisition rights other than those held by Non-qualified Persons without consideration at any time up to the day prior to the start date of the exercise period of the stock acquisition rights and on the arrival of a date separately determined by the Board of Directors of Nikke, and in exchange, deliver one share of common stock of Nikke as consideration for one stock acquisition right.

The details of the acquisition conditions for the stock acquisition rights shall be separately determined in the Gratis Allotment Resolution.

8. Acquisition without consideration in the event of suspension of the activation of countermeasures, etc.

In the event that the Board of Directors of Nikke suspends the activation of countermeasures, or in other cases separately determined by the Board of Directors of Nikke in the Gratis Allotment Resolution, Nikke may acquire all the stock acquisition rights without consideration.

9. Restrictions on the transfer of the stock acquisition rights

The transfer of the stock acquisition rights shall require approval of the Board of Directors of Nikke.

10. Exercise period, etc. of the stock acquisition rights

The exercise period of the stock acquisition rights and other necessary matters shall be separately determined by the Board of Directors of Nikke in its resolution on the Gratis Allotment Resolution.

End

[Reference 2] **Special Committee**

1. The Special Committee shall be established by a resolution of the Board of Directors of Nikke on the condition that the “Policy against Large-Scale Purchases of Nikke’s Shares” is resolved at Nikke’s General Meeting of Shareholders.
2. The Special Committee shall consist of three or more members who shall be appointed by the Board of Directors of Nikke from among:
 - 1) Outside Directors of Nikke,
 - 2) Outside Audit and Supervisory Board Members of Nikke, and
 - 3) external specialists,all of whom are independent of the management team that executes the business of Nikke. Provided, however, external specialists must be corporate managers with a proven track record, former government officials, attorneys-at-law, certified public accountants, academic experts, or other similar persons, and must also be persons who have entered into an agreement with Nikke that includes a duty of care of a good manager clause, etc., separately designated by the Board of Directors of Nikke.
3. The term of office of the Special Committee members shall expire at the conclusion of the Annual General Meeting of Shareholders held with respect to the last fiscal year ending within three years from the time of their appointment. However, this shall not apply if otherwise provided by a resolution of the Board of Directors of Nikke. If a Special Committee member who was an Outside Director or an Outside Audit and Supervisory Board Member ceases to be a Director or an Audit and Supervisory Board Member (excluding the case where he/she is reappointed), his/her term of office as the Special Committee member also ends at the same time.
4. The Special Committee shall make decisions on the following matters and make recommendations to the Board of Directors of Nikke. Decisions must be made from the perspective of whether or not they contribute to Nikke’s corporate value and shareholders’ common interests, and must not be made solely for the purpose of promoting personal interests of Nikke or its management team.
 - 1) Implementation or non-implementation of the activation of countermeasures
 - 2) Holding a Shareholders Meeting to Confirm Shareholders’ Intentions or a written ballot
 - 3) Cancellation of activation of countermeasures
 - 4) Abolition or modification of the Plan (provided, however, such modification shall be limited to the extent that it does not conflict with the Policy, or the extent deemed reasonably necessary due to changes in the Companies Act, the Financial Instruments and Exchange Act, other laws and regulations, or rules of financial instruments exchanges, changes in the interpretation or operation thereof, or changes in the tax system, judicial precedents, etc.)
 - 5) Other matters on which the Board of Directors of Nikke consulted the Special Committee among matters to be decided by the Board of Directors of Nikke
5. In addition to the matters provided for above, the Special Committee may perform the matters described in each of the following items.
 - 1) Determine whether the purchase, etc. is subject to the Plan
 - 2) Determine information to be provided to the Special Committee by the purchaser, etc. and the Board of Directors of Nikke, and the deadline for its response
 - 3) Examine and consider the details of the purchase, etc., by the purchaser, etc.
 - 4) Negotiate and discuss with the purchaser, etc.
 - 5) Require submission of an alternative proposal and examine such proposal
 - 6) Disclose evaluations and opinions
 - 7) Determine the purchaser, etc. and special stakeholders
 - 8) Determine the applicability of Non-qualified Persons
 - 9) Other matters specified in the Plan that the Special Committee may perform
 - 10) Matters separately specified by the Board of Directors of Nikke that the Special Committee may perform

6. When the Large-Scale Purchase Information is submitted, the Special Committee may require that the Board of Directors of Nikke present an opinion on the details of the purchase, etc. by the purchaser, etc., supporting materials for such opinion, an alternative proposal (if any), and other information and materials, etc. deemed necessary by the Special Committee as appropriate, within a prescribed reasonable period specified by the Special Committee.
7. The Special Committee may, if necessary, either directly or indirectly through the Board of Directors of Nikke, etc., request the purchaser, etc. to improve the details of the purchase, etc., from the perspective of protecting and enhancing Nikke's corporate value and shareholders' common interests.
8. In order to collect necessary information, the Special Committee may require Nikke's Directors, Audit and Supervisory Board Members, employees, and other persons deemed necessary by the Special Committee to attend its meetings to provide explanations regarding matters requested by the Special Committee.
9. The Special Committee may, at Nikke's expense, obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys-at-law, consultants and other experts).
10. Any member of the Special Committee may convene a meeting of the Special Committee at any time, not only in the event of the purchase, etc. is made.
11. Resolutions of the Special Committee shall be made, in principle, with the attendance of all members of the Special Committee and the approval of a majority of the attendance. Provided, however, in the event that a member of the Special Committee is unable to perform his/her duties due to accidents or other unavoidable circumstances, a resolution may be made with the attendance of a majority of the members of the Special Committee and the approval of a majority of the attendance.

End

<Brief history of candidates for Special Committee>

Name: Yasuhiro Wakamatsu (date of birth: August 6, 1954)

Brief history	April 1977	Joined Kawanishi Warehouse Co., Ltd.
	June 2006	Director and General Manager of Kobe Branch, Kawanishi Warehouse Co., Ltd.
	April 2011	Director, Kawanishi Warehouse Co., Ltd.
	June 2011	Director and General Manager of International Department, Kawanishi Warehouse Co., Ltd.
	June 2011	Managing Director and Deputy General Manager of Sales Division & General Manager of International Department, Kawanishi Warehouse Co., Ltd.
	April 2013	Managing Director and Deputy General Manager of Sales Division, Kawanishi Warehouse Co., Ltd.
	June 2013	President and Chief Executive Officer and General Manager of Sales Division, Kawanishi Warehouse Co., Ltd.
	September 2015	President and Chief Executive Officer, Kawanishi Warehouse Co., Ltd.
	April 2021	Chairman, Kawanishi Warehouse Co., Ltd. (current position)
	February 2022	Outside Director, Nikke (current position)

Name: Seishi Miyajima (date of birth: January 11, 1960)

Brief history	April 1983	Joined Nomura Real Estate Development Co., Ltd.
	June 2001	General Manager of Corporate Sales Department, Nomura Real Estate Development Co., Ltd.
	June 2006	Director and Deputy General Manager of Corporate Company, Nomura Real Estate Development Co., Ltd.
	April 2009	Director and Managing Executive Officer, General Manager of Corporate Company, Nomura Real Estate Development Co., Ltd.
	April 2012	Representative Director and Senior Executive Officer, General Manager of Corporate Company, Nomura Real Estate Development Co., Ltd.
	May 2012	Executive Officer and Head of Property Brokerage & CRE Business Unit, Nomura Real Estate Holdings, Inc.
	April 2013	President and Chief Executive Officer, Nomura Real Estate Urban Net Co., Ltd.
	April 2016	Chairman, Nomura Real Estate Urban Net Co., Ltd.
	June 2018	Director, Executive Vice President and Executive Officer, Shinnihon Corporation
	February 2022	Outside Director, Nikke (current position)

Name: Yukihiro Kato (date of birth: January 3, 1959)

Brief history	April 1984	Joined NIPPONDENSO CO., LTD. (currently DENSO CORPORATION)
	January 2005	General Manager of IC Technology Department II, DENSO CORPORATION
	June 2010	Managing Executive Officer, DENSO CORPORATION
	April 2017	Senior Managing Executive Officer, DENSO CORPORATION
	June 2019	President and Chief Executive Officer, DENSO TEN Limited
	May 2023	President and Chief Executive Officer, Yukiya ConCon Limited (current position)
	August 2023	Outside Director, Japan Process Development Co., Ltd. (current position)

* All of the above candidates meet the requirements for outside director stipulated in the Companies Act, and there are no special interests between the above candidates and Nikke as customers, business partners, or other related parties (including consignment, loan, guarantee, or advisory contracts).

[Reference 3] Status of Nikke's Shares (as of November 30, 2023)

1. Total number of shares authorized to be issued 192,796,000 shares
2. Total number of issued shares 78,478,858 shares (including 9,427,728 treasury shares)
3. Number of shareholders 30,518 persons
4. Major shareholders (top 10)

Shareholder name	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,939	10.05
Sumitomo Mitsui Banking Corporation	3,253	4.71
Mizuho Bank, Ltd.	3,198	4.63
Nisshinbo Holdings Inc.	2,763	4.00
Takenaka Corporation	2,000	2.90
Custody Bank of Japan, Ltd. (Trust Account)	1,979	2.87
MUFG Bank, Ltd.	1,814	2.63
Nippon Life Insurance Company	1,808	2.62
Nikke Employee Stock Ownership Association	1,686	2.44
Sumitomo Realty & Development Co., Ltd.	1,400	2.03

- Notes: 1. The above table excludes 9,427,728 treasury shares.
2. The shareholding ratio is calculated exclusive of treasury shares.